

## FDD-PST

---

**From:** Fran Stienessen [fran.stienessen@schwans.com]  
**Sent:** Thursday, April 27, 2000 6:26 PM  
**To:** 'fdd-pst@fns.usda.gov'  
**Subject:** Food Distribution 2000  
**Importance:** High

COMMENTS-APRIL.d

oc Attached are comments on various aspects of Food Distribution 2000 for your consideration.

<<COMMENTS-APRIL.doc>>

Fran Stienessen  
Commodity Administrator  
Schwan's Food Service  
Phone: 800-533-5290, Ext. 2453  
Fax: 507-537-8159  
E-Mail: fran.stienessen@schwans.com

**Food Distribution 2000  
Comments – April 2000**

**Schwan's Food Service would like to offer the following comments and considerations on various aspects of Food Distribution 2000:**

**SECTION II: IMPROVEMENTS TO THE COMMODITY PROGRAM:**

- 1. Expand the use of long-term contracts – This process should help control timely deliveries, as well as lower purchase prices. In doing this, we feel it's time to look at the way the contract value for commodities is established for each school year. With the use of long term contracts, USDA very likely will be going out earlier to do their purchases. Consequently, states will be looking to contract earlier, and ultimately schools will be going out to bid earlier, so they know which processors to send their commodities to. For the 2000-2001 school year, we have been requested (by various states) to use the November 15 values, the December 15 values, and most states are still using the January 15 values. We would recommend that USDA establish a value by November 1, which would be based on an annual average price for that commodity. In using annual average purchase prices, we would like to also recommend that frozen and unfrozen mozzarella be priced at the same value. These improvements would help the processors streamline their contracts, EPDS, audits, and computer tracking systems. It would also establish prices for the next contract year for ALL states to utilize.**

**COMMODITY PROCESSING:**

- 5. Move toward national umbrella contracts with processors – We fully support a pilot of this process. If the pilot project is successful, we would recommend that the "National Umbrella Contract" be mandatory – and not allow states to enter into contracts on their own. This process should be fully developed, clearly stating "national" obligations vs. "state" obligations.**
  - **Will the bonding be with USDA – or the state?**
  - **Will the contract terms be the same in all states – or will each state still be allowed to have their own "Article 35"?**
  - **Will the states maintain their schools' entitlement/commodity inventories – or will USDA?**
  - **Will there be limitations on number of products per processor? One of the benefits that RA's get for processing items is that they can utilize their commodities on items they want and not be restricted to buying products that don't go well in their school system. We need to keep geographic preferences and flavor profiles in mind, as well as main line programs vs. ala carte. It would also defeat the purpose of full substitutability if you start limiting the number of products. This would also deter manufacturers from developing new products to help utilize commodities, if the number of products is limited.**

There needs to be consistency for the processors and the R.A.'s. National/State – if both are involved, how do they track entitlement for schools if some schools go through the state and some through national contracting?

6. Expand full substitutability of commodity products – We fully support this process. As a manufacturer that would potentially process lower volumes of non-substitutable commodities like meat, unless you eliminate the grading requirements, we would not realize cost benefits from merely allowing substitution.

#### **COMMUNICATION/PILOTS/OTHER IMPROVEMENTS**

12. Provide computer connectivity to the school level – We fully support this process. E-commerce is here! It's important to plan for the future. It's necessary to develop a computer communication network. We are envisioning "on-line" rebate forms, and "on-line" reporting to the states, and down to the school level, so a school could pull up information on their commodity inventories NOW. We highly encourage you to work with manufacturers on this process, as they play a critical role in delivery and tracking of commodities. A system that provides for cost effective connectivity between all parties is essential. The increased use of the Internet will facilitate this process. The Internet provides for a common language with no special software or hardware requirements. Also, it simplifies the training needed, as a great majority of people are Internet capable and those numbers are increasing rapidly.
13. Work with States and partners to pilot-test improvements – We fully support this process. We are currently working with two states on their pilot projects. We would recommend that all pilot projects be reviewed at the year's end with all participating members involved to discuss the impact / success / failure / concerns experienced with the pilot. All aspects of the pilot need to be thoroughly explored as to the impact on all partners before being considered for national roll-out. The USDA task force (see Number 16) needs to be involved in the evaluation of the pilot processes also.
16. Streamline paperwork and reporting requirements – We fully support the elimination of redundant paperwork and special reporting processes required by certain states. All these items need to be considered when evaluating the pilot processes. Items to be considered include training, costs, computer systems, manpower, paperwork, and reporting.

Respectfully submitted by:

---

Fran Stienessen, Commodity Administrator  
Schwan's Food Service  
115 West College Drive  
Marshall, MN 56258  
E-Mail: [fran.stienessen@schwans.com](mailto:fran.stienessen@schwans.com)  
Phone: 800-533-5290, Ext. 2453